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FACTS ABOUT COTTON MARKETING QUOTAS FOR 1939

Cotton Marketing Quotas Will Be in Effect in 1939 if Approved by Two-Thirds of the Cotton Producers Voting on December 10, 1938

Each cotton farm will have its share of the national cotton acreage to be planted. Farm cotton acreage allotments will be the same whether or not marketing quotas are in effect in 1939

HOW COTTON FARMERS WILL BE AFFECTED IF COTTON MARKETING QUOTAS ARE IN EFFECT IN 1939

Producer	Marketing Quotas	Marketing Penalties	Conservation Payments	Parity Payments	Cotton Loans
Cooperators: (Producers on farms where acreage allotments are not exceeded.)	Will have a quota equal to the larger of the actual or normal production on allotted acres, plus the cotton that would not have been subject to penalty if marketed in 1938.*	Will pay no penalty on cotton produced in 1939.*	Will receive conservation payments.	Will receive parity payments.	Will be eligible for cotton loans.
Noncooperators: (Producers on farms where acreage allotments are exceeded.)	Will have a quota equal to the larger of the actual or normal production on allotted acres, plus the cotton that would not have been subject to penalty if marketed in 1938.	Will be subject to penalty on cotton marketed in excess of quota—at the penalty rate of 3¢ per pound on excess if produced in 1939, 2¢ per pound on excess which would have been subject to penalty if marketed in 1938.	Will not receive conservation payments if the acreage allotment is knowingly overplanted. Will receive conservation payments with deductions if the acreage allotment is unknowingly overplanted.	Will not receive parity payments.	Will be eligible for loans only on cotton produced in excess of the marketing quota and only at 60% of the rate for cooperators, if he knowingly overplanted. Will be eligible for loans as though he were a cooperator if he unknowingly overplanted.
HOW COTTON FARMERS WILL BE AFFECTED IF COTTON MARKETING QUOTAS ARE NOT IN EFFECT IN 1939					
Cooperators: (Producers on farms where acreage allotments are not exceeded.)	Will have no marketing quota.	Will have no penalty.	Will receive conservation payments.	Will receive parity payments.	Loans will not be available.
Noncooperators: (Producers on farms where acreage allotments are exceeded.)	Will have no marketing quota.	Will have no penalty.	Will not receive conservation payments if the acreage allotment is knowingly overplanted. Will receive conservation payments with deductions if the acreage allotment is unknowingly overplanted.	Will not receive parity payments.	Loans will not be available.

*A cooperator will not be subject to any penalty in 1939 unless he markets cotton that would have been subject to penalty if marketed in 1938.

THE COTTON SITUATION

Farmers generally want to understand what affects the price they get for their cotton. The cotton situation both in the United States and in foreign countries largely determines what the price will be.

It is important, therefore, that farmers understand the present cotton situation here and abroad if they are to gage accurately what next year's situation is likely to be—either with or without marketing quotas. Looking at the present picture, farmers see that without quotas both the supply and price situation may become even less favorable; and that cooperators in the A. A. A. program would lose the protection of a market adjusted more nearly in line with demand.

The chief facts about the present situation are:

Supply:

The present world supply of all cotton is 52 million bales, of which approximately one-half is American and the other half is foreign cotton. This is the largest world supply of cotton for any season. With a supply so far out of line with demand, farmers are experiencing low prices for cotton.

Production:

The farmers of the United States (based on the latest estimate) produced 12.1 million bales this year, which represent a crop 6.3 million bales smaller than the previous year's record crop of almost 19 million bales. Cotton farmers of the world produced this year about 28.5 million bales, or 8.4 million less than in 1937.

Consumption:

Last year the amount of all cotton used was about 4.5 million bales less than the amount used the year before. This decrease in consumption was divided about equally between American and foreign cotton. If domestic consumption and exports of American cotton during the last 10 months is at about the same rate as during the first 2 months of the current season, consumption for 1938-39 will be even less than for the previous season. An increase in consumption during the current season of more than a million bales is necessary before the carry-over in 1939 would be less than that in 1938. With no increase in consumption this season, carry-over will even be larger in 1939 than this year.

Carry-over:

As a result of the 1937 cotton crop, which was the largest in history, and the decreased consumption last year, cotton farmers faced a record world carry-over of American cotton amounting to 13.7 million bales, or enough to supply the current demand for more than a year. The carry-over of foreign cotton was also a record, being 9.8 million bales. The amount of *all* cotton produced in previous years which was carried over and which competed with the 1938 crop was 23.5 million bales, also the largest world carry-over in history.

Income:

A. A. A. payments will add 266 million dollars to the 1938 income of cotton farmers. Income from cotton, including A. A. A. payments, enables cotton farmers to purchase about 73 percent of what the 1910-14 crops purchased. Income from the sale of the 1938 cotton crop, exclusive of A. A. A. payments, is higher than if there had been no cotton program, but it is estimated at only slightly more than 600 million dollars, or enough to buy only about one-half as much goods and services as the 1910-14 cotton crops bought.

Next year's carry-over:

Although production was kept down this year, there is a huge supply of cotton now on hand and the carry-over next August will be unduly large and burdensome.

Cotton farmers will want to consider carefully how these facts affect them individually and as a group before they decide which way to vote on marketing quotas. It is to reduce burdensome supplies and support farm income that Congress has given cotton farmers the opportunity to use marketing quotas.